

UNITED STATES OF AMERICA

BEFORE

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

	)	
In the Matter of	)	Docket Nos. 05-024-B-I
	)	05-024-CMP-I
FRANK FRENCH	)	Order to Cease and Desist and Order
	)	of Assessment of a Civil Money Penalty
A Former Institution-Affiliated Party	)	Issued Upon Consent Pursuant to the
of Montana State Bank	)	Federal Deposit Insurance Act, as Amended
Plentywood, Montana	)	
	)	

WHEREAS, pursuant to sections 8(b) and (i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1818(b) and (i)) (the "FDI Act")), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Cease and Desist Order (the "Order") and Order of Assessment of a Civil Money Penalty against Frank French ("French"), a former institution-affiliated party, as defined in section 3(u) of the FDI Act (12 U.S.C. § 1813(u)), of the Montana State Bank, Plentywood, Montana ("the Bank"), a state member bank, based on French's alleged violations of Board of Governors' Regulation O, 12 C.F.R. Part 215 ("Regulation O");

WHEREAS, by affixing his signature hereunder, French has consented to the issuance of this Order by the Board of Governors and to comply with each provision of this Order, and has waived any and all rights that he may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818) or 12 C.F.R. Part 263, or otherwise, to: (i) the issuance of a notice of charges and of hearing and a notice of assessment of civil money penalty; (ii) a hearing for the purpose of taking

evidence on any matter set forth in this Order; (iii) to seek judicial review of this Order or any provision hereof; and (iv) to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, before the filing of any notice, or taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Order constituting an admission or denial by French of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purposes of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony,

IT IS HEREBY ORDERED, pursuant to sections 8(b) and (i) of the FDI Act, that:

1. French shall not violate Regulation O, 12 C.F.R. Part 215, or any other regulation that incorporates by reference all or substantially all of Regulation O, including, but not limited to, 12 C.F.R. § 337.3 and 12 C.F.R. § 563.43, or any superseding regulation. In the event that French becomes an institution-affiliated party of an insured depository institution, as that term is defined in 12 U.S.C. § 1813(c), French shall not serve as a loan officer for, or otherwise approve or participate in, an extension of credit, as defined in 12 C.F.R. § 215.3, to:

(a) himself;

(b) any of his family members (whether or not the person is an immediate family member as defined in 12 C.F.R. § 215.2(g)); or

(c) any related interest of the foregoing (as that term is defined in 12 C.F.R. § 215.2(n))

unless he obtains a prior, written legal opinion that the loan complies with Regulation O, or any other regulation that incorporates by reference all or substantially all of Regulation O, as listed above.

2. French shall forfeit and pay a civil money penalty in the amount of \$10,000.

3. The civil money penalty assessed in this Order shall be remitted in full at the time of French's execution of this Order by bank certified check or cashiers check made payable to the "Board of Governors of the Federal Reserve System" and forwarded with an executed copy of this Order to Jennifer J. Johnson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C., 20551, which penalty the Board of Governors shall remit to the United States Treasury as required by statute.

4. No portion of the civil money penalty paid by French pursuant to this Order shall be, directly or indirectly, paid, advanced, reimbursed or otherwise funded by the Bank.

5. This Order, and each and every provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board of Governors.

6. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Federal Reserve Bank of Minneapolis, or any other federal or state agency or department from taking any other action affecting French, provided, however, that the Board of Governors shall not take any further action against French based upon any information presently known to the Board of Governors concerning the matters addressed in this Order, other than an action to enforce the provisions of this Order.

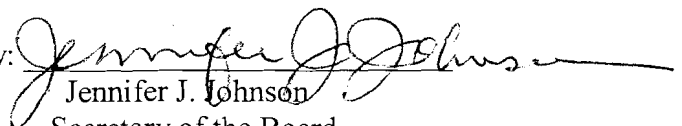
7. All communications regarding this Order shall be sent to:

- (a) Mr. Richard M. Ashton  
Deputy General Counsel  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> and C Streets, N.W.  
Washington, DC 20551
- (b) Mr. Frederick L. Miller  
Vice President  
Division of Supervision, Regulation, and Credit  
Federal Reserve Bank of Minneapolis  
90 Hennepin Avenue, P.O. Box 291  
Minneapolis, MN 55480-0291
- (c) Mr. Frank French  
621 West Laurel Avenue  
Plentywood, MT 59254

By order of the Board of Governors effective this 28<sup>th</sup> day of July, 2005

Board of Governors of the  
Federal Reserve System

  
Frank French

By:   
Jennifer J. Johnson  
Secretary of the Board